



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE

Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + S&P 500
- + EuroStoxx 50
- + FTSE 100
- + Nikkei 225

Bonds

- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Multi-asset technical strategies

Week of 5th March 2019

Mark Sturdy

Disclaimer

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by the FSA



summary

Very powerful signals arise when the charts of any one asset are aligned in all three time frames - see highlights

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Currencies

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Long-term **BEAR** Euro
Long-term **BEAR** Sterling
Long-term **BEAR** Yen
Long-term FLAT Euro

Medium-term **BEAR** Euro
Medium-term FLAT Sterling
Medium-term FLAT Yen
Medium-term **BEAR** Euro

Short-term FLAT Euro
Short-term FLAT Sterling
Short-term **BULL** Yen
Short-term **BEAR** Euro

Stocks

- + S&P 500
- + EuroStoxx 50
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- + Nikkei 225

Long-term **BULL**
Long-term **BULL**
Long-term **BULL**
Long-term **BULL**

Medium-term **BULL**
Medium-term **BULL**
Medium-term **BULL**
Medium-term **BULL**

Short-term **BULL**
Short-term **BULL**
Short-term **BEAR**
Short-term **BULL**

Bonds

- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Long-term **BEAR**
Long-term **BULL**
Long-term FLAT

Medium-term **BEAR**
Medium-term **BULL**
Medium-term **BEAR**

Short-term FLAT
Short-term **BULL**
Short-term FLAT

Commodities

- + Oil
- + Gold

Long-term **BULL**
Long-term FLAT

Medium-term **BULL**
Medium-term FLAT

Short-term **BULL**
Short-term **BEAR**

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More



Currencies: Dollar Euro

CURRENCIES:

While the Dollar Euro is quiescent within a range, the Dollar Sterling, for the moment, is volatile within a range. Compare both of those with the trending strength of the Yen. And the clear and confirmed breakout of strengthening Sterling against the Euro...

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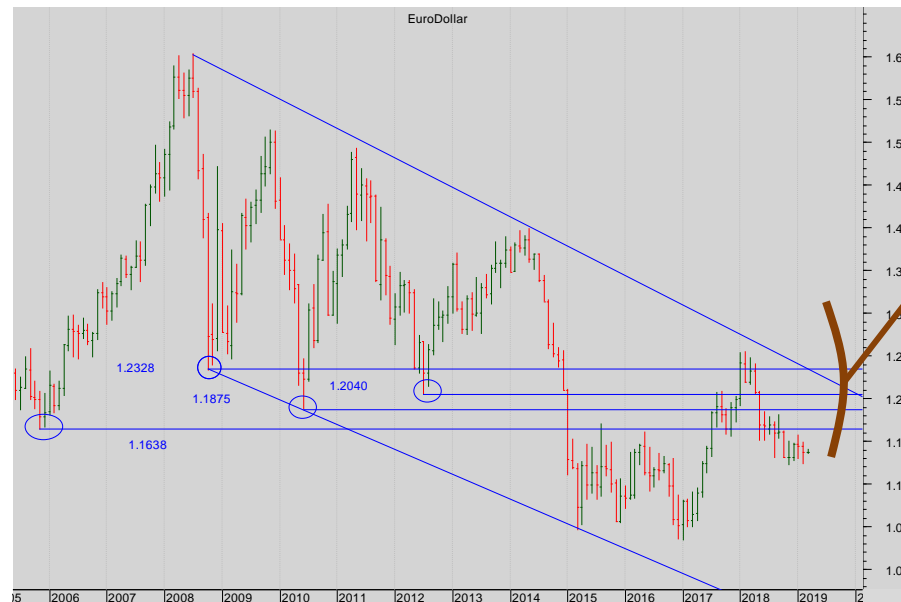
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Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15 and above **look to have reversed or at least halted** the bear Dollar/bull Euro market ...

The pressure is on the Euro now. **We still favour a strengthening Dollar. That is, a continuance of the trend from the beginning of 2018.**

More



Currencies: Dollar Euro

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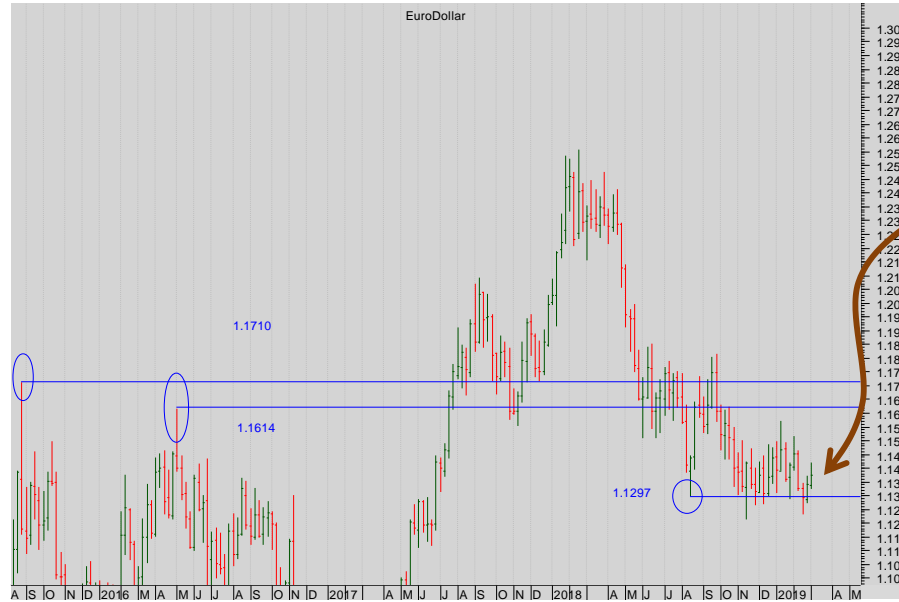
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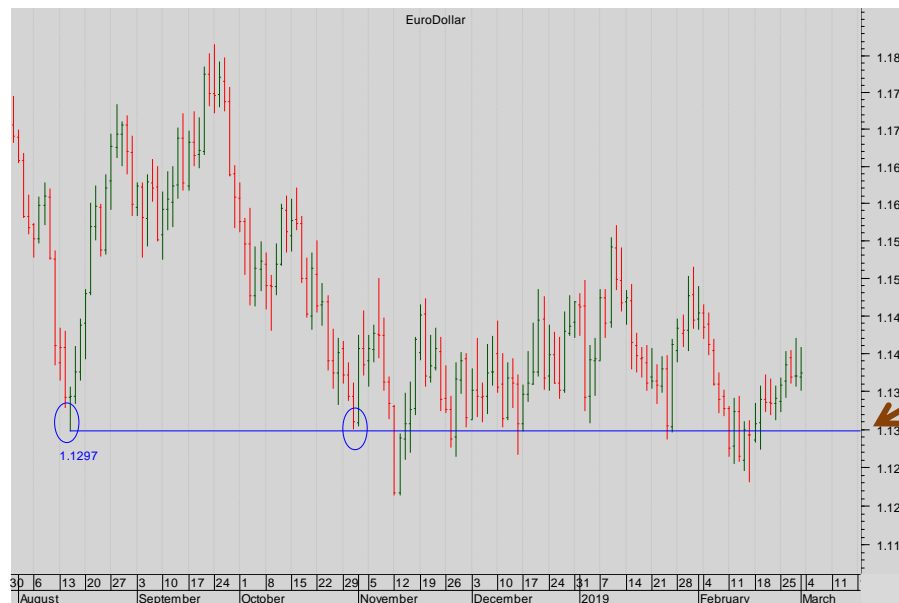
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Dollar Euro weekly spot cash chart

Note the repeated attempts to break beneath 1.1297 beginning the next leg down (strengthening Dollar).

A bounce in the Euro is certainly possible from here ...



Dollar Euro spot cash chart daily chart...

And sure enough, here's a bottom forming...

Bears of the Euro / Dollar Bulls are relying on a confirmed break beneath the 1.1297 Low.

For the moment, short-term, they are wrong.

The Dollar is weakening...



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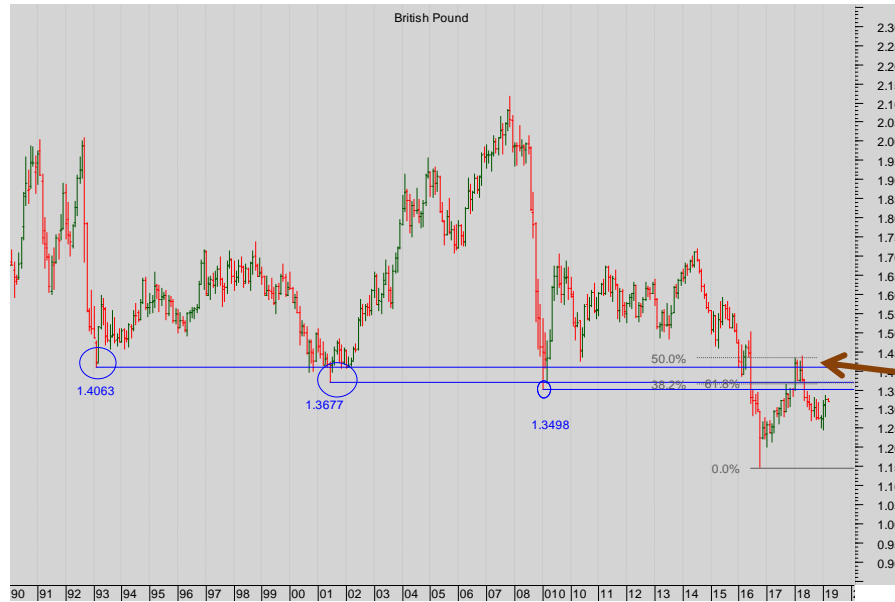
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

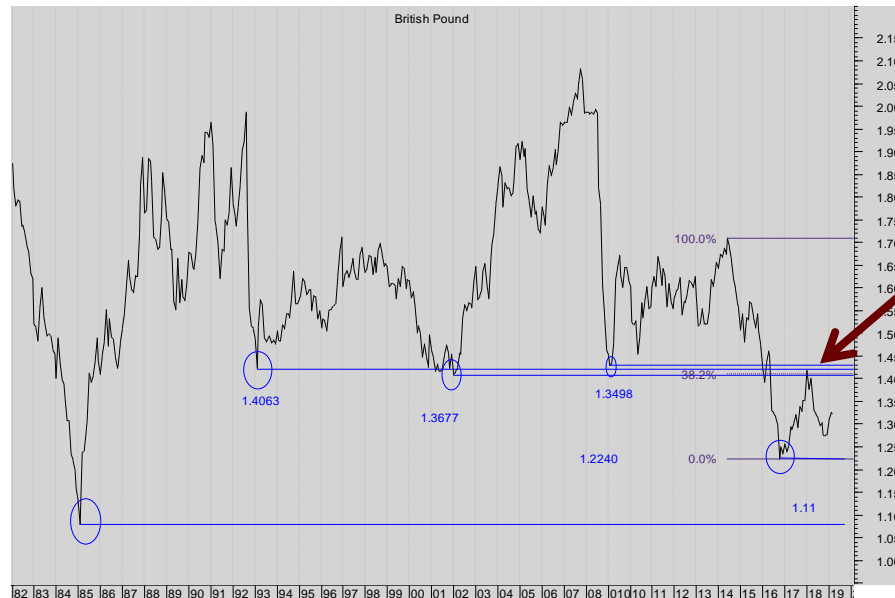


Dollar Sterling Monthly spot cash chart

All the Prior Pivotal lows of 1993, 2001, 2008 and 2016 have acted as good resistance. A massive Multiple Top has formed.

The market rallied back deep into the band of resistance as far as the 50% Fibonacci resistance – **but failed there.**

Look more closely.



Dollar Sterling Monthly spot cash LINE CHART based on closes

Note here the repeated testing of the resistance band formed from low closes.

It's a clear failure...

Look more closely still...

More



Currencies: Dollar Sterling

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Dollar Sterling weekly spot cash chart

The range since August 2018 remains **intact**

The Pound has tried to get beneath the Prior Low 1.2660 but doesn't want to stay there.

Is that a possible H&S reversal? In any event, it hasn't completed.



Dollar Sterling daily spot cash chart

Wait for a confirmed and convincing break of the range.



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Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

Note the very well-formed diagonal downtrend resistance, that was smashed by the rally in 2014, and then, later, acted as good support in 2016.

No clear structure since the beginning of 2017.

Stand back.



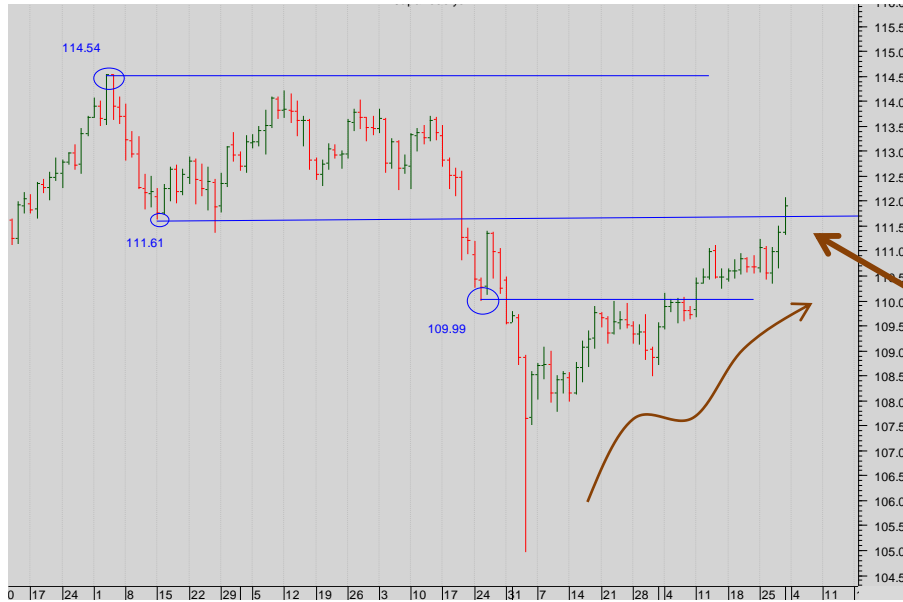
Dollar Yen weekly spot cash chart

Watch the range.

More



Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Since the beginning of 2019, the Yen has been stronger than the dollar, with successive resistances above the market at 109.99 and 111.61 smashed.

The Dollar bears remain in charge here.

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Currencies: Sterling Euro

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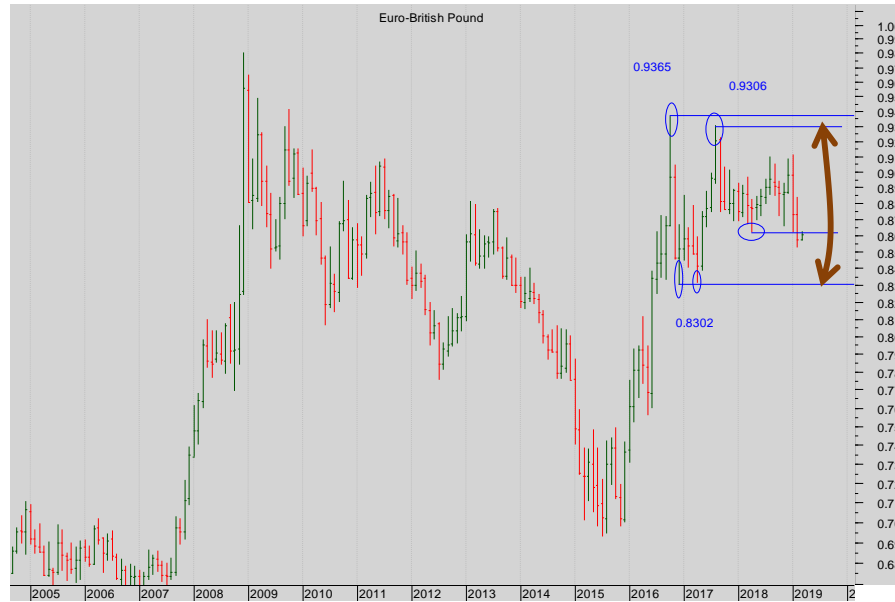
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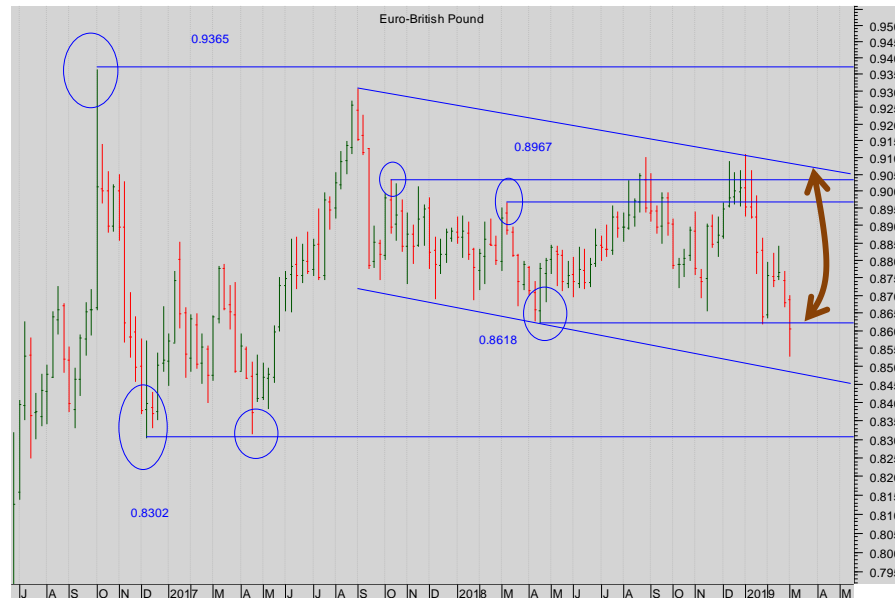
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Sterling Euro monthly spot cash chart

The last two years' volatility has created a wide trading range of consolidation.

Stand back!



Sterling Euro weekly spot cash chart

Note the clear breakdown from the compact shorter-term range.

More



Currencies: Sterling Euro

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IMPLIED ASSET ALLOCATION



Sterling Euro daily spot cash chart

It's volatile, but the very short-term range has been broken



Stocks

STOCKS:

These markets are trending strongly across the board, so much so that we are sure that they are not a retracement at the beginning of a new substantial bear leg. The comparative weakness of the FTSE is clear. And all the markets looks somewhat extended in the short-term.

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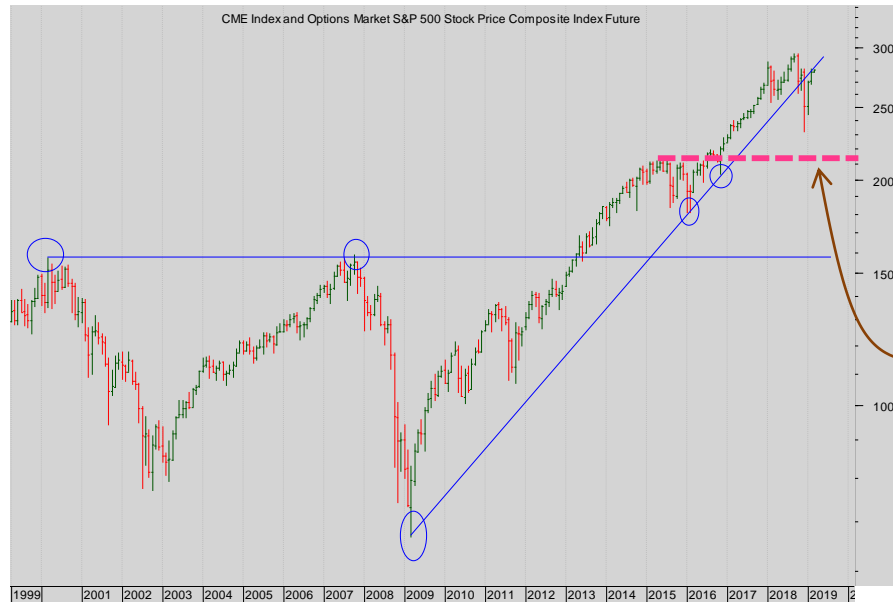
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Commodities

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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

The market broke the well-established long-term diagonal support, and then bounced.

NB first long-term support lies some way beneath the market at 2118

Look closer.

More



Stocks: CME S&P 500

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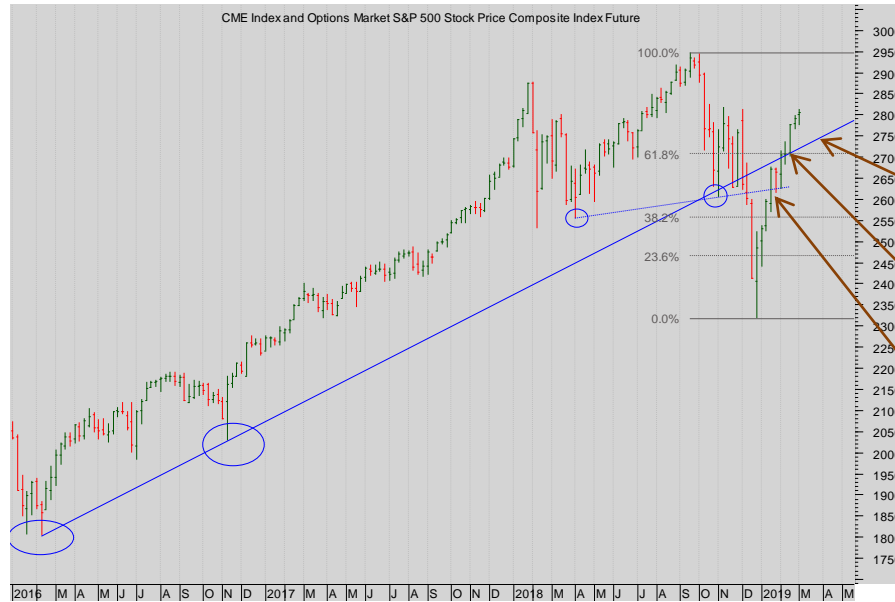
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IMPLIED ASSET ALLOCATION

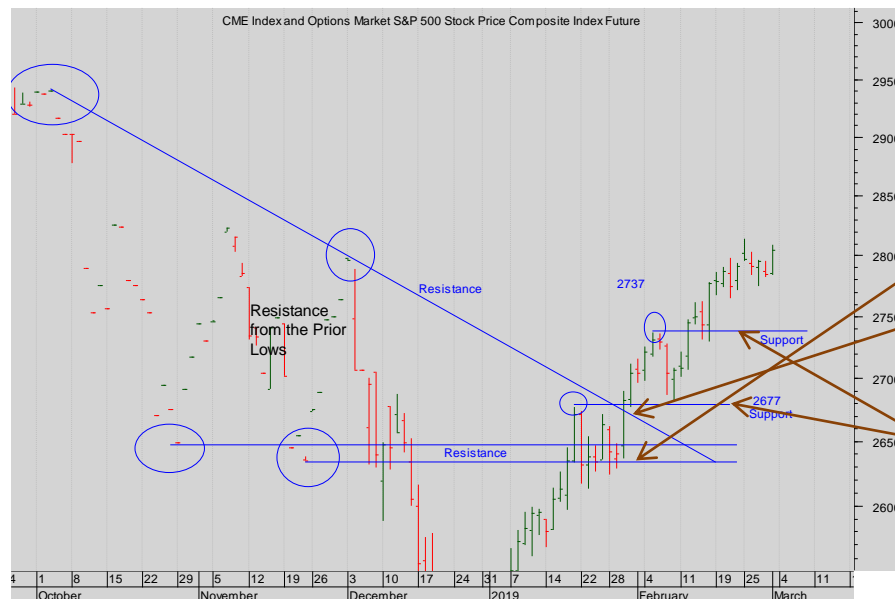


CME S&P 500 cont weekly cont. chart

The market has

- smashed back through the important resistance from the broken diagonal.
- Broken above the Fibonacci resistance that was co-incident at that same level.
- Broken back through the Neckline resistance of the potential H&S Top – smashing it (and the hopes of the bears)

The rally is not a retracement.



CME S&P 500 daily Mar 2019 chart

We have seen that the bounce has been phenomenally powerful.

In the day chart we see

- the break back through the resistance from the Prior Low at 2650.
- The break through the diagonal downtrend resistance
- There is now some modest support beneath the market from the Horizontals from the Prior Highs at 2677 and 2737.
- The bulls are in charge**

More



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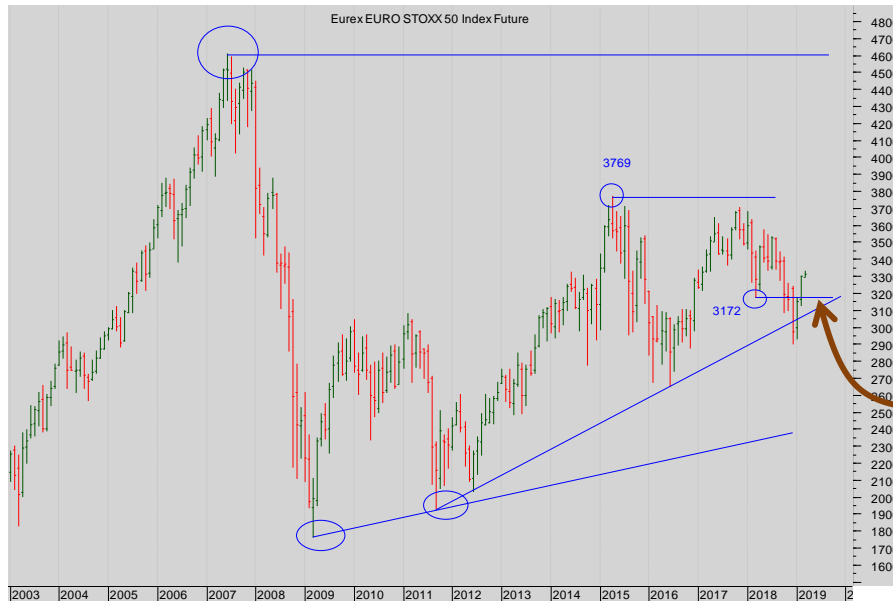
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Commodities

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IMPLIED ASSET ALLOCATION

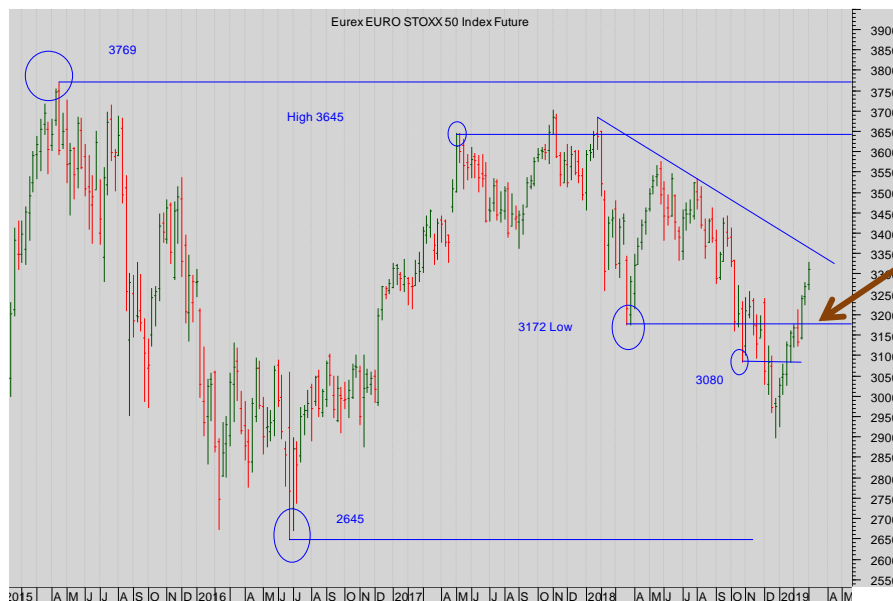
Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

The long-term condition of the market is quite clear: the market failed twice at the old 3769 High and remains vulnerable.

But the break through the Prior Low of 3172, is cause for celebration for the bulls.



Eurex EuroStoxx 50 weekly continuation futures chart

The possibility of a Double Top has gone. The rally is impressive.

More



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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Mar 19 futures chart

But this is an impressive short-term bull signal: the simultaneous push up through :

- The Prior low
- the Short-term resistance from the Prior Low at 3250.

So it's clear that the bulls are in charge.



Stocks: Liffe FTSE 100

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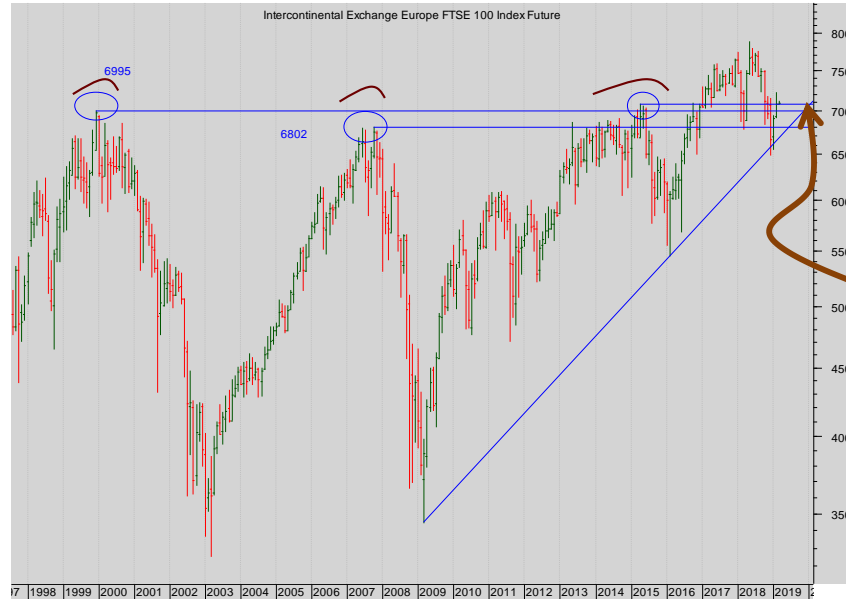
Bonds

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- + Ten Year German Bund
- + UK Gilt

Commodities

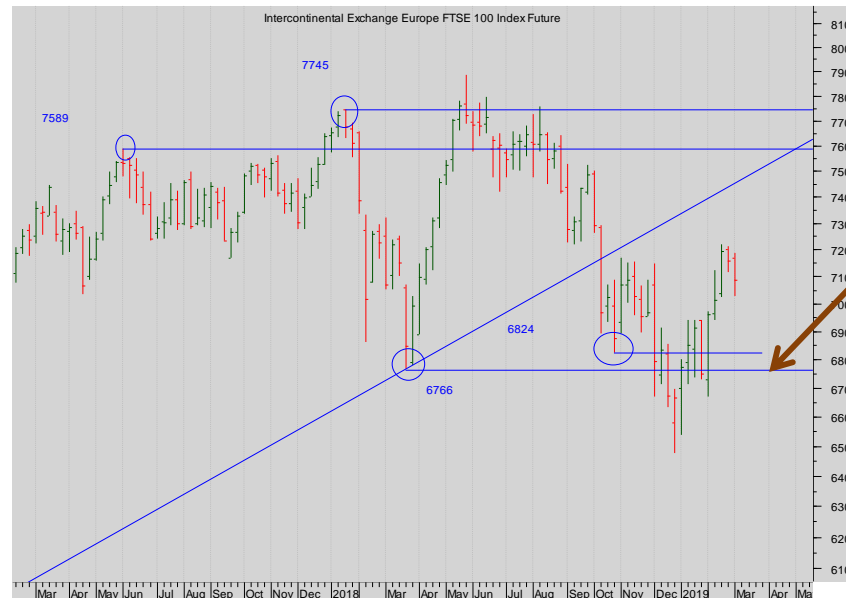
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

So the support from the succession of Prior Highs (6796, 6995) was smashed, note the powerful bounce from the diagonal uptrend support drawn from 2009... and the consequent push back above the band of support from the Prior Highs.



Liffe FTSE 100 Weekly cont. futures chart

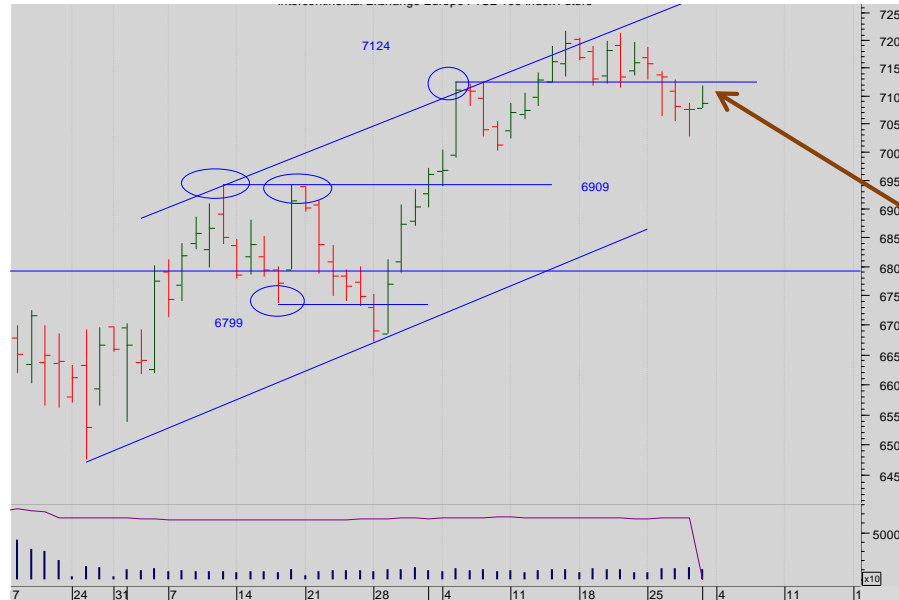
The bounce back up through the resistance from the Prior Lows was impressive and began the rally.

There's no evidence yet that it is running out of steam?

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 Mar19 daily futures chart

The market has drifted through the support from the Prior High 7124

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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



Stocks: OSE Nikkei 225

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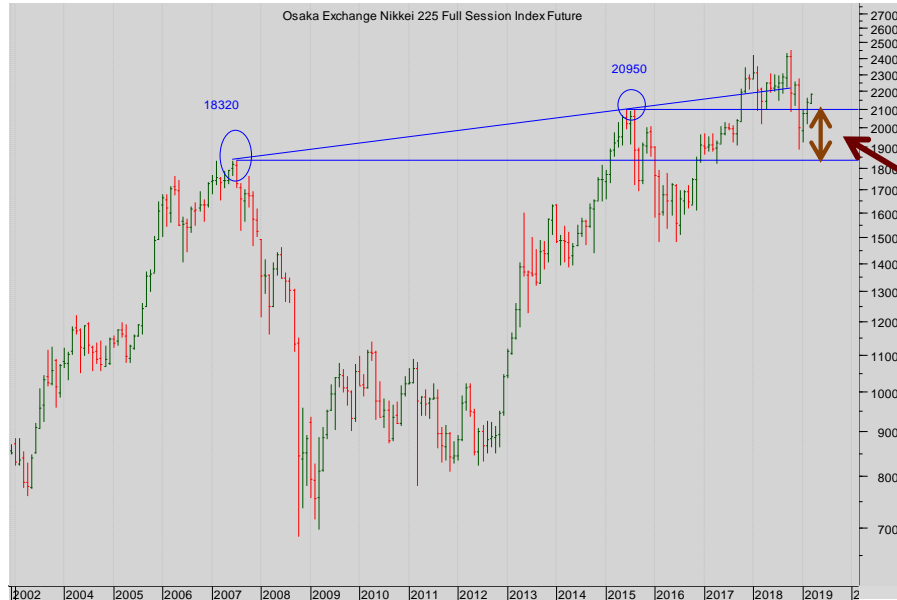
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Commodities

- + Oil
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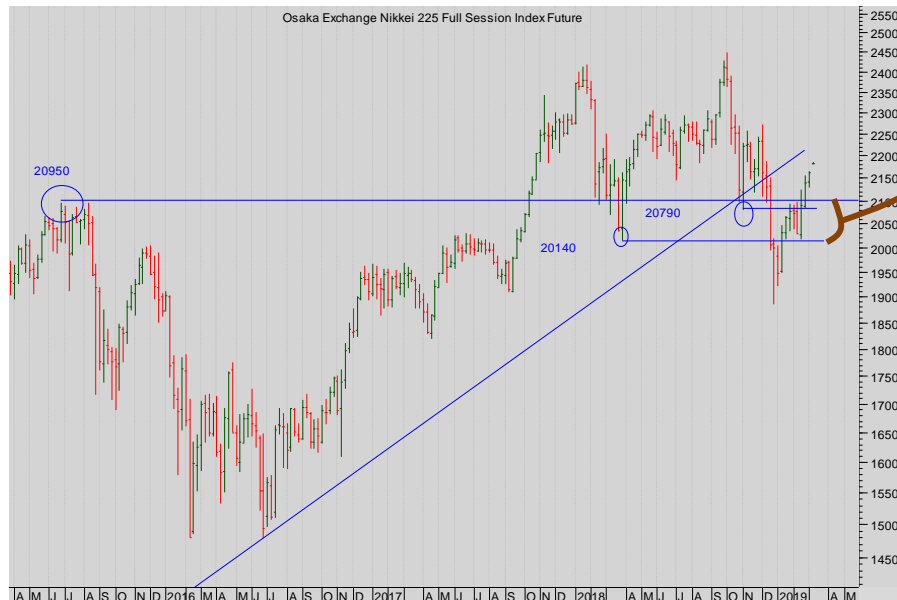
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Nikkei 225 chart (monthly)

The market has failed to break beneath the band of support 20950 – 18320.

And there's a bounce in progress.



Nikkei 225 chart (WEEKLY)

And the resistance from the band formed from the Prior Lows 20140-20790 has clearly been penetrated by the bounce 0 showing it's strength.

The bulls are twice happy therefore.

More



Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Mar 19.

And here's a clear break of

1. the short-term horizontal resistance at 20750.
2. And the diagonal downtrend resistance

The bulls are in charge.

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IMPLIED ASSET ALLOCATION



Bonds

BONDS:

The canary in the mine is the US market – it's failure at a massive resistance may have signalled the high in the rally there. The bull market leader has been the Bund of course, but note too how that market fell abruptly with the US. So too, did the inbetweeners, the UK Gilt....

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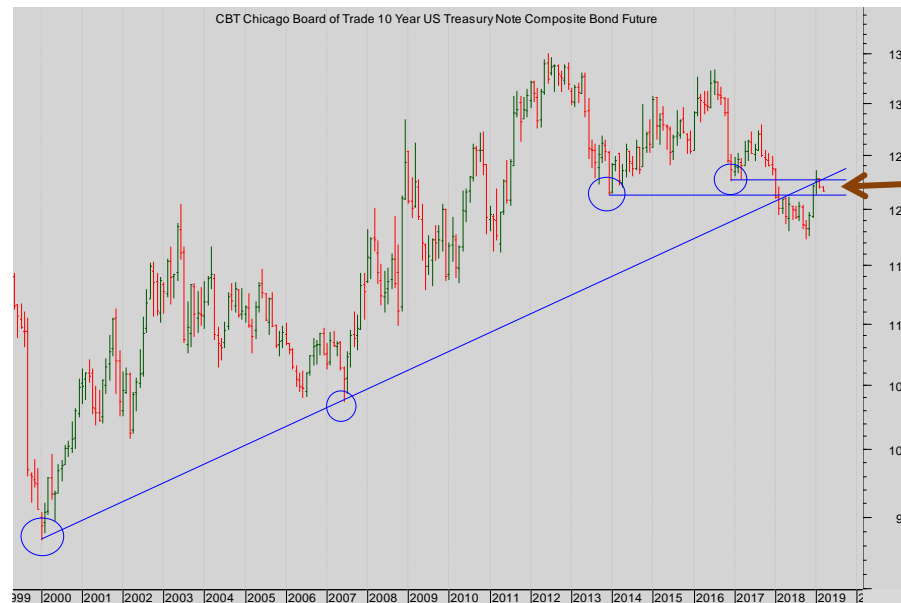
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Commodities

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IMPLIED ASSET ALLOCATION

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The recent two-month rally has driven into the diagonal and the horizontal band of resistance.

And has not yet broken through
– it's drifting away.

Look closer.

More



Bonds: CBOT Ten Year Notes

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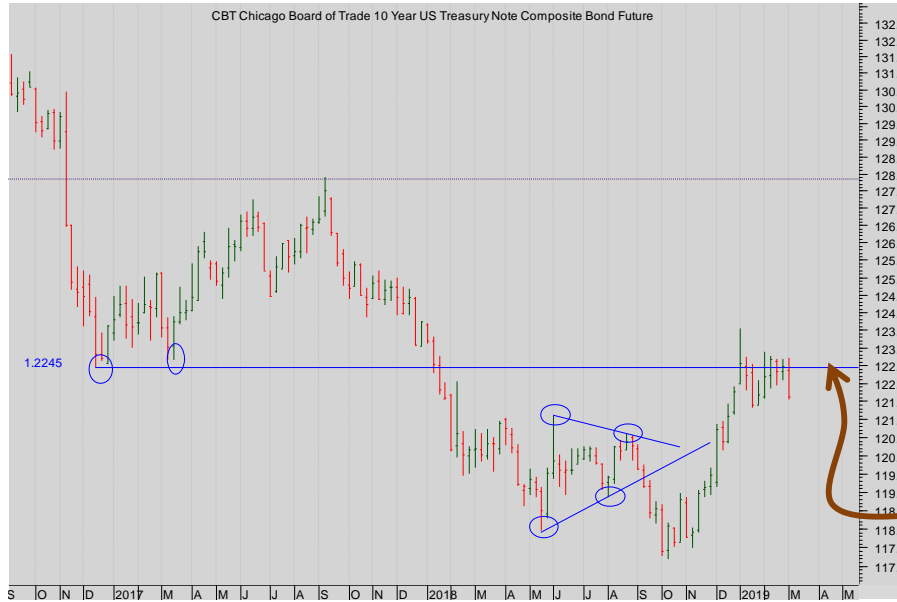
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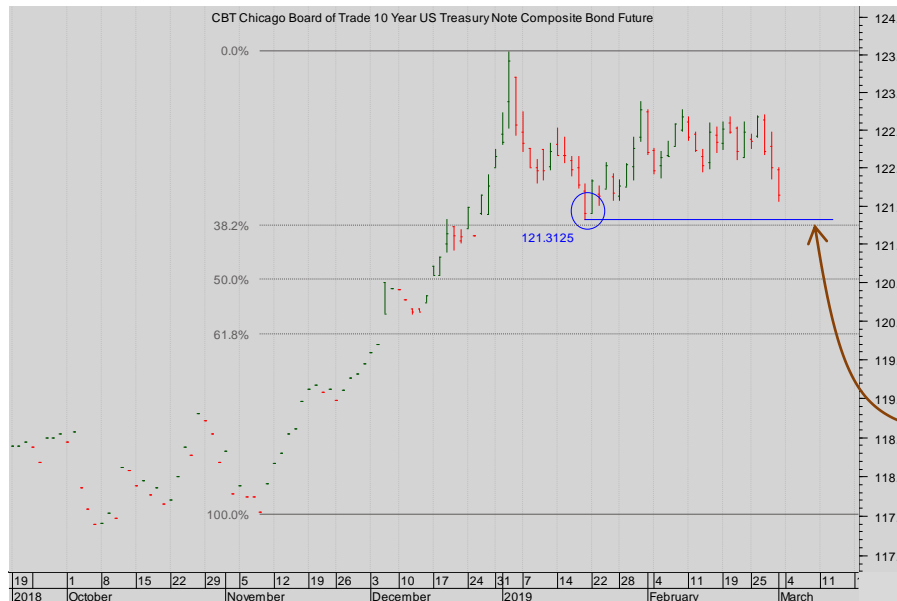
CBOT Ten Year Notes weekly futures continuation chart

Note the strength of the resistances above the market now.

The tight band from the Prior Lows 123.07-123.01 has proved strong.

The market looks vulnerable here...

The bulls need to break above 122.70-123.01 to convince.



CBOT Ten Year Notes daily Mar 18 futures chart

Short-term the market remains within a two month trading range.

Watch for a breakdown beneath 121.3125 (close to a Fibonacci support) to signal a breakdown...

More



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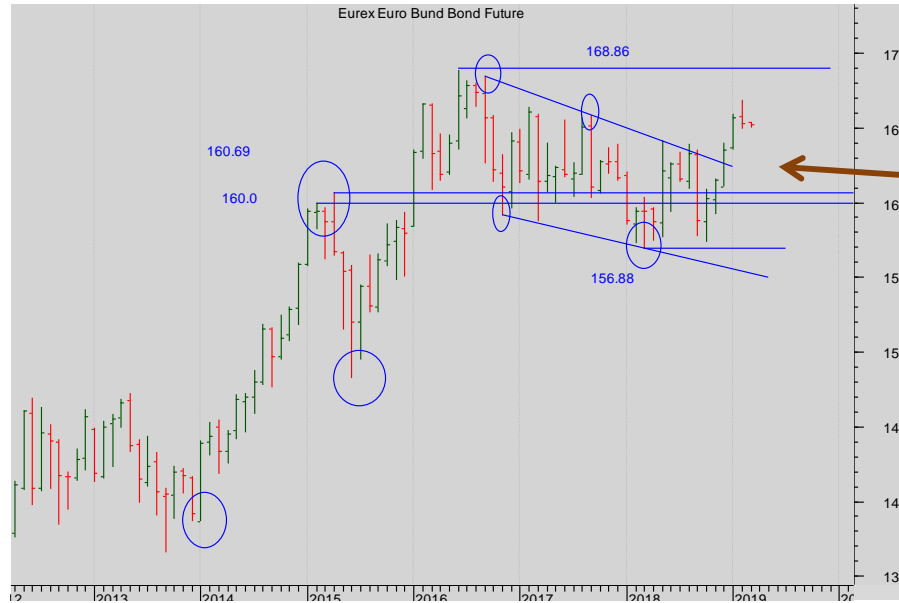
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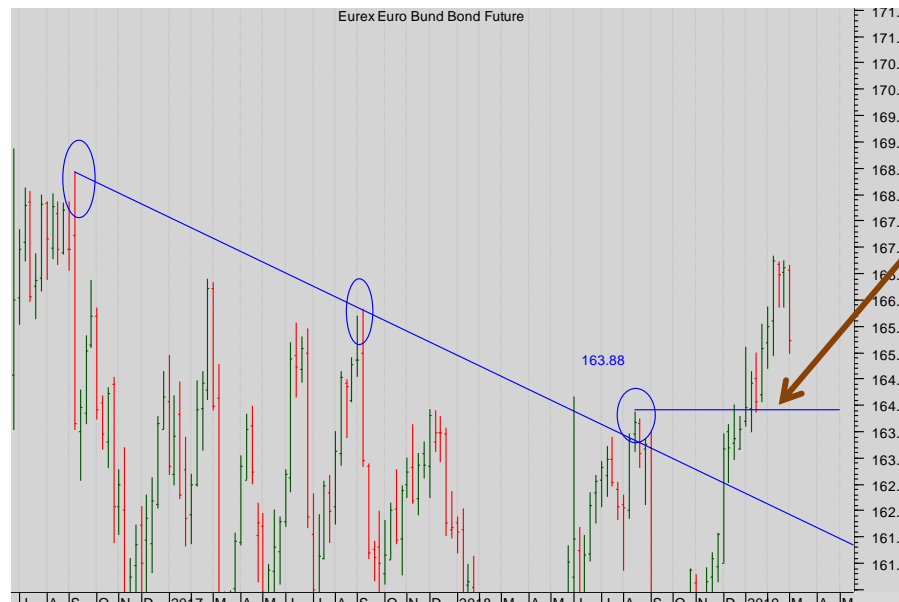
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Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

The break up through the falling diagonal is important and sets up a new bull leg by completing a bull falling wedge formation.



Eurex Ten Year Bund weekly cont. futures Chart

The bulls are excited...first support on pull-back 163.88 Prior High.

More



Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund March 2019 Daily futures chart

The pull-back – sharp- ha found the first support of consequence at the Prior High 162.46.

If it breaks, expect further falls...

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Bonds: Liffe UK Gilt futures

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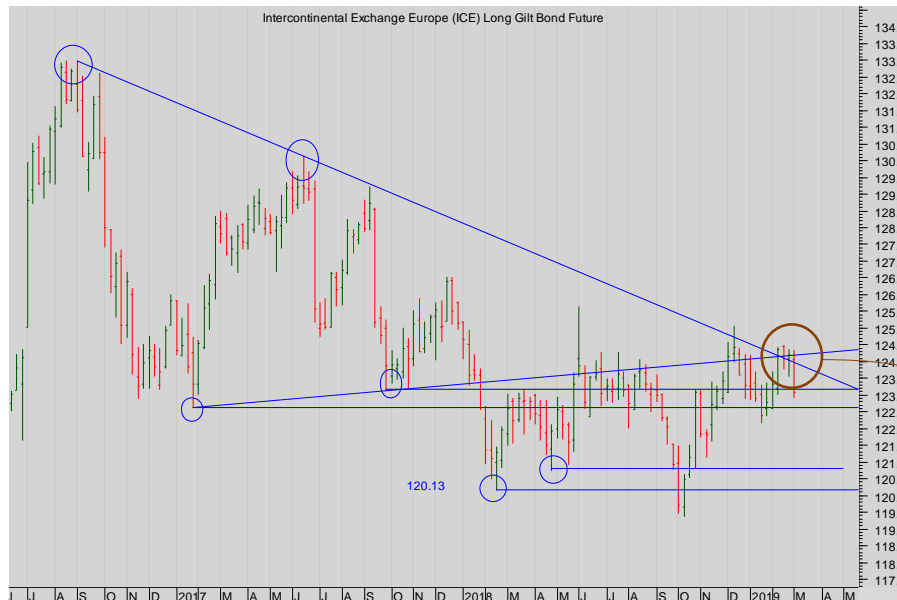


Liffe UK Gilt monthly futures continuation chart

The market is confused.

That falling diagonal has to be broken if the Gilt bulls are to make headway.

Look closer.



Liffe UK Gilt weekly continuation futures Chart

Here's the detail of the test of that resistance

The bulls need to push up through the combined resistance from the two diagonals.

No sign of a break.





Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



Long Gilt daily Mar 19 chart

The Multiple failure at 124.45 have now set up a trading range and the support from 122.50 becomes very important.



Commodity

COMMODITIES:

Oil still looks set to go higher driven by a powerful completed bull structure. Gold is imprisoned within a clear medium-term trading range, with a short-term breakdown of the recent rally to contend with.

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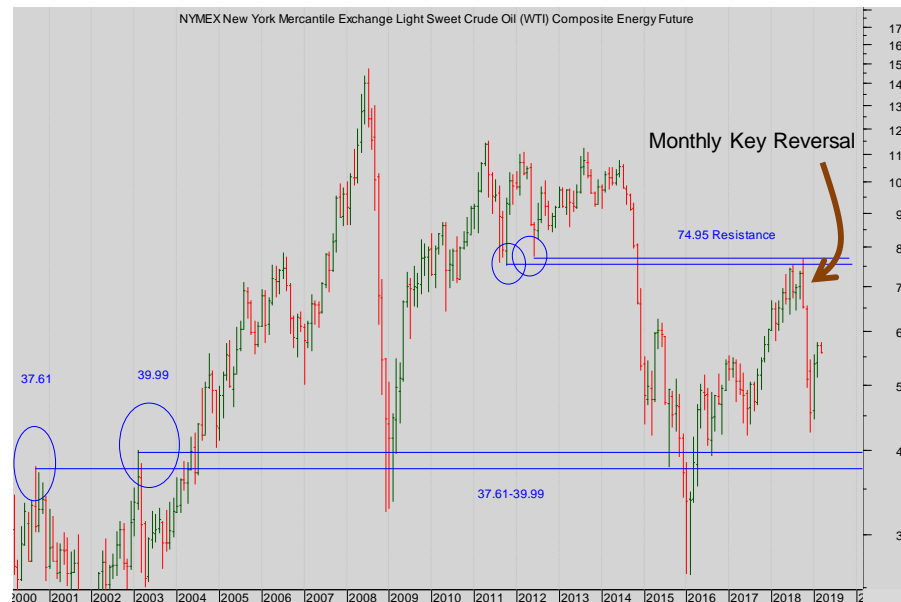
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The Key reversal added a good deal of bear impetus...

But the market is in a very long-term range defined by 75 and 40 on the downside.

More



Commodities: Nymex WTI Oil

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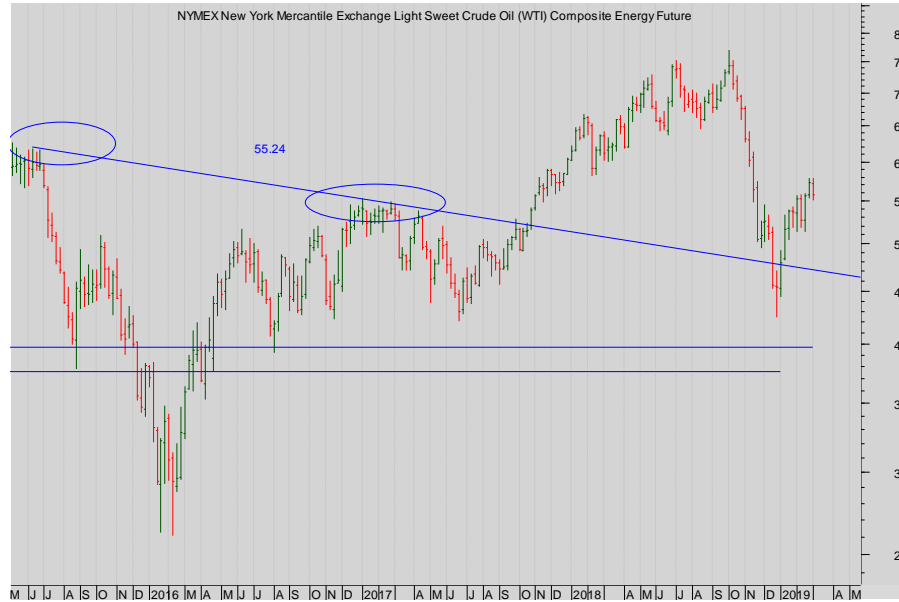
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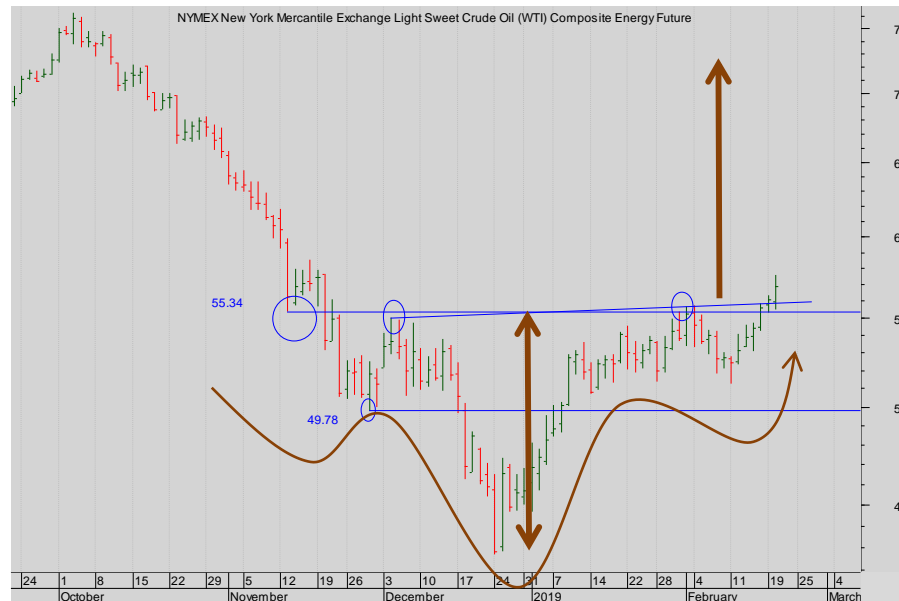


Nymex oil weekly continuation

Has the old neckline given critical support?

Or was it the influence of the \$40 level? The support from the old highs from 2000 and 2003?

At any rate the market has bounced.



Nymex oil daily Mar 19 futures

This is a completed H&S reversal?

Minimum move targeted?

Up as far as \$73.



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + S&P 500
- + EuroStoxx 50
- + FTSE 100
- + OSE Nikkei 225

Bonds

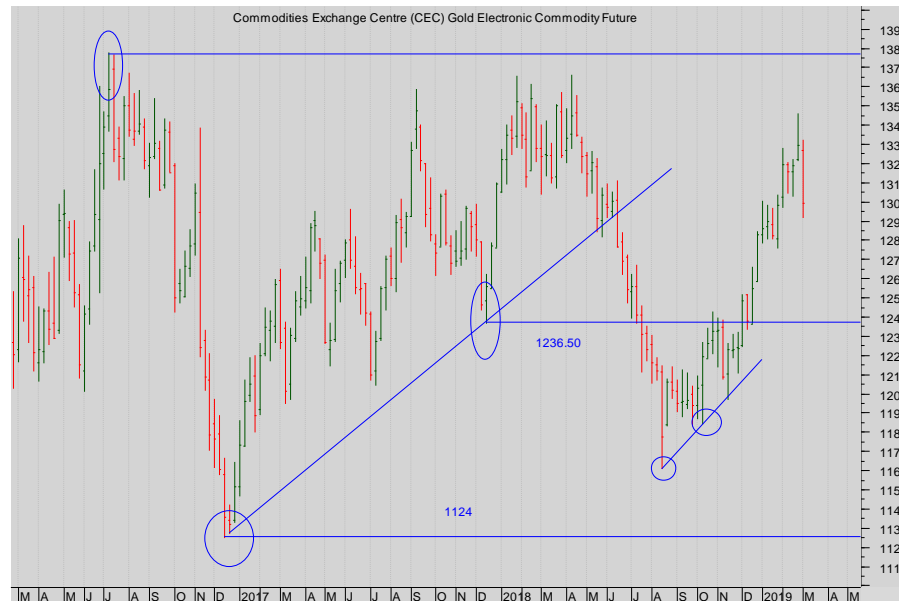
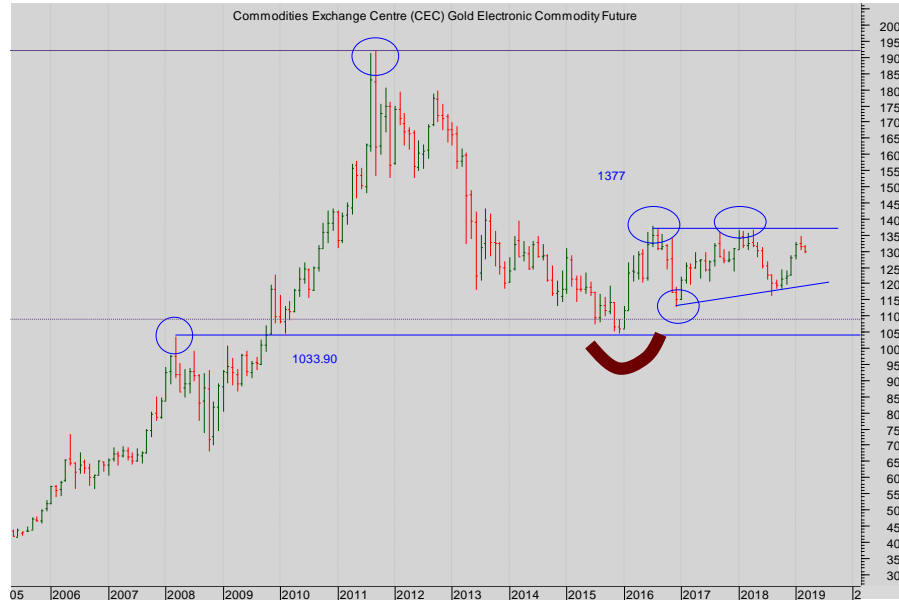
- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Nymex Gold Monthly

The long-term chart shows a clear bounce from the long-term support from the Prior High (and Fibonacci) at 1033.90.

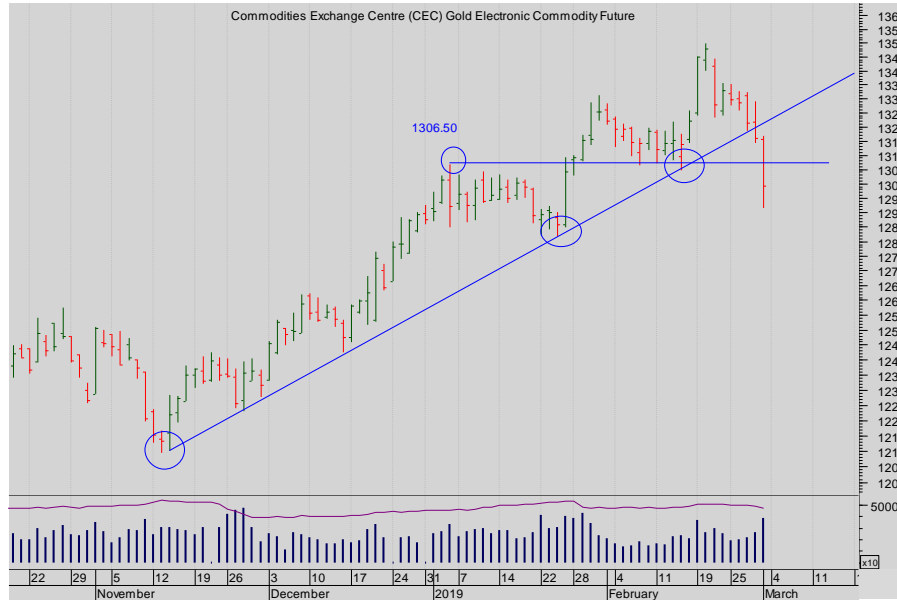
A bull continuation Triangle is close to completion ...

Nymex Gold weekly

The drive up through the Prior Low 1236 was fiercely bullish.



Commodities: Comex Gold



iShares physical Gold ETC Daily (in Sterling)

But note well this clear breakdown through both the horizontal and diagonal supports...

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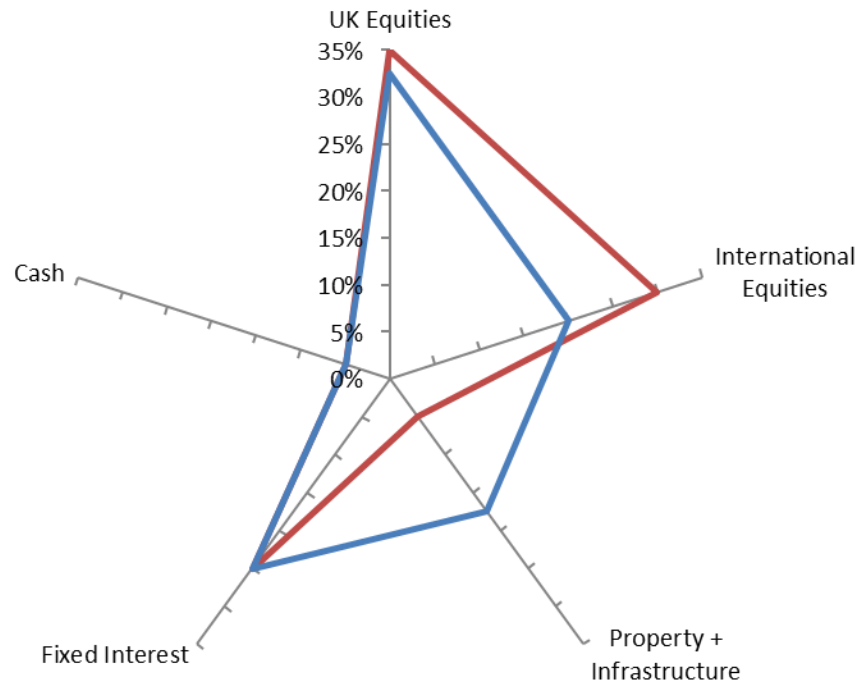
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Seven Days Ahead Balanced Risk Asset Allocation MSCI Balance Risk Asset Allocation



More



the technical analyst

AWARDS 2012

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